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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 004474

SIPDIS

E.O. 12958: DECL: 06/26/2016

TAGS: PREL PGOV KWBG IS

SUBJECT: MK SCNELLER'S PLAN TO EVACUATE WEST BANK SETTLER SITES

Classified By: Deputy Chief of Mission Gene A. Cretz for reasons 1.4 (b) and (d)

¶1. (C) Summary: Econoff and Deputy PolCouns met with member of Knesset (MK) Otneil Schneller to discuss efforts by Prime Minister Olmert's office to negotiate the evacuation of West Bank settlements and outposts with settler leaders. In press reports, Schneller -- settler of the Mikhmas settlement -- asserts that he is a central consultant of Prime Minister Olmert on the question of settlements. According to Schneller's current plan, settlers would voluntarily evacuate many settlements and outposts east of the seamline barrier in exchange for U.S. assurances of support to Israel for annexing between 11-15 percent of the West Bank, including settlement blocs. Schneller asserts that former Prime Minister Sharon supported his plan and Prime Minister Olmert continues that support. Schneller claimed that settler leaders also supported the plan, and, if Israel was able to obtain U.S backing, voluntary evacuation of outposts would begin within weeks. Schneller said any plans to forcibly remove settlers, including those in illegal outposts, would be a mistake. End summary.

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Man With a Plan...Just Not the 1967 Borders  
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¶2. (C) In a November 2 meeting with emboffs, Schneller said "it is impossible for Israel to return to the 1967 borders." Given that premise, Schneller stated the principles of his vision were based on a "win-win-win" scenario:

-- The Political Left's "Win:" According to Schneller, the Israeli left would "win" if West Bank settlements and outposts were evacuated and an independent Palestinian state was created.

-- The Political Right's "Win:" Schneller asserted that the Israeli right would still "win" despite the evacuation of settlements and outposts in the West Bank. If part of the West Bank -- including settlement blocs -- were retained, the rationale for establishing settlements and outposts would remain valid.

-- Palestinian "Win:" Palestinians would be the biggest winners, according to Schneller, because they would have an "independent and viable state -- "not cantons" -- consisting of approximately 85 percent of the West Bank and the Gaza Strip. (Note: Although Schneller said that the Palestinians may eventually achieve an independent state, Schneller's plan does not call for final status negotiations. His vision foresees a "Hong Kong-like" scenario where the Israeli and Palestinian populations would be demographically separated until the political climate warrants negotiations.

Demographic separation would engender a Palestinian entity or a de facto state, in which Palestinians would administer West Bank and Gaza. End note.)

¶13. (C) The goal of Schneller's plan is to create demographic separation between Israelis and Palestinians -- "we are here, they are there." Schneller posited that one does not have to choose between being at war and finalizing a peaceful resolution -- "one can be in the middle." Separation between the two populations would create an opportunity to "build good neighbors and good relations." The Palestinian entity would have "special status" for a "long time, possibly 30 years" within the same customs envelope as Israel.

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Annexation of Blocs  
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¶14. (C) Schneller's plan entails the annexation of between 11-15 percent of the West Bank, encompassing most Israeli settlement blocs, such as Ariel, Modi'in Illit, Gush Etzion, and Ma'ale Adumim. He noted that the area to be annexed will not necessarily be limited to land located west of the seamline barrier. Schneller stressed the importance of obtaining settler "buy-in" for the plan, adding that a "wiggly border" should not pose a problem -- even from a security perspective. The current seamline barrier "could be moved," if necessary. When asked if his plan included retaining control of the Jordan Valley, Schneller answered that only part of the northern Jordan Valley would be appropriated.

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Land Swaps  
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¶15. (C) Schneller told emboffs that Israel would swap land in exchange for West Bank lands annexed. He also, however, advocated that Egypt -- in addition to Israel -- contribute land to the Palestinians. Schneller envisions the Palestinian state to be composed of 85 percent of the West Bank, the entire Gaza Strip, and an Egyptian land grant of Sinai territory between Rafah and El-Arish. Schneller confided to emboffs that he has discussed this possibility with "high-level Egyptians and Palestinians" and claimed that both sides seemed open to this idea. In turn, Israel would offer Egypt the option of a land link across the southern Negev, north of Eilat, to facilitate Egyptian transportation to Jordan and Saudi Arabia.

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Two Stage Withdrawal of Outposts and Some Settlements  
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¶16. (C) Schneller claimed that if key rabbis (eg: Shlomo Amar, Ovadia Yosef, Avraham Shapira, Yosef Shalom, Avraham Elyashiv) supported his plan, the Israeli public would also

support it. Schneller said that he already has support from some key rabbis, but implementation of his plan is predicated on settler support. Settlement supporters and leaders such as Avigdor Lieberman, Ze'ev Hever (known as Zambish), and Benjamin Netanyahu all agree in principle with his plan, but doubt that the GOI could obtain U.S. agreement to annex parts of the West Bank. He also claimed to have Labor Party's Ami Ayalon's support as well. (Note: Schneller noted to emboffs that the 11-15 percent was the consensus between those he was trying to obtain support for the plan from. Schneller said that Ami Ayalon thought Israeli annexation of 11 percent was satisfactory, whereas, Lieberman wanted 18 percent.

Moreover, although Schneller claims that Prime Minister Olmert, as well as some government officials, support his plan, it is unclear whether Schneller has overall GOI backing. End note.)

¶17. (C) Schneller continued, however, by saying that if the GOI gained assurances from the U.S. to annex settlement blocs and other key areas, evacuation would be implemented in two phases. The first phase --which he called a "mini-hitkansut" -- would be the voluntary evacuation of the outposts Israel committed to evacuate under the roadmap and in the April 2004 commitments to President Bush. The second phase would be to evacuate settlements in West Bank areas Israel would not retain. While phase one could be completed fairly quickly, the second phase would occur only after the GOI built new housing for settlers in areas where they would be relocated. Under his plan, settlers would be able to resettle inside Green-Line Israel, in settlement blocs, or in some cases, whole communities could opt to relocate.

¶18. (C) When asked if Olmert supported his plan and how his plan compared to Defense Minister Peretz's current efforts to evacuate outposts in the West Bank, Schneller recounted to emboffs a recent Knesset meeting where Olmert stated that there is only one prime minister in Israel and only one policy. "He supports my plan," claimed Schneller.

Schneller, a former leader of the YESHA Council (the settlement umbrella organization), believes his plan can work and asserts that his job is to bridge the gap between Olmert's vision and YESHA. "Most leaders who tried to accomplish peace were not religious and were from the political left," Schneller explained. He asserted that the problem with them is that they only represent 20 percent of the population" so they cannot broker peace. "Israel is not a democracy. It's somewhere between a Jewish state and a democracy."

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#### Understanding Schneller's Plan

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¶19. (C) Although Schneller was hesitant to admit whether his plan is actually Olmert's frozen "hitkansut" or convergence/realignment) plan, both plans share key similarities. Both plans call for:

-- Unilaterally setting Israel's borders by resettling settlers from isolated West Bank areas to settlement blocs west of the seamline barrier.

-- Demographically separating Israel from the Palestinian population, with the barrier route serving as the basis for a de facto border between Israel and a Palestinian state.

-- Maintaining some level of control in the Jordan Valley. Although Olmert did not detail the extent of Jordan Valley land encompassed under his convergence plan, Schneller's statements suggest Israel plans to keep at least part of the Jordan Valley. A June 2006 Associated Press article states that Schneller advocated ongoing construction in the Jordan Valley settlement of Maskiyot, saying that Israel needs to keep this area as a buffer against Islamic militants based in Iraq and Iran.

¶10. (C) Although Olmert did not make public references to the

future of Hebron under the convergence/realignment plan, Schneller was quoted in May 2006, when realignment was under discussion, saying that settler sites in Hebron and Qiryat Arba "are supposed to be part of the Israeli state."

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Schneller on Peace Initiatives  
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11.(C) Schneller was dismissive of grand plans -- Reagan Plan, Kissinger Plan, the Roadmap -- and argued that settler buy-in on a plan like his (which he claimed offered to satisfy everyone's interest) rather than prescriptive policy (eg: settlement freeze) would be ultimately more effective at securing any outcome that advances international, Israeli (including settlers), and even Palestinian interests. Of grand plans, Schneller stated, "All plans are only plans. You can talk about it for four years, then everything will change."

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